



Fire District No. 5 of Caddo Parish, Louisiana
Audited Financial Statements
Year Ended December 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date AUG 28 2013

Fire District No. 5 of Caddo Parish, Louisiana

Table of Contents

| | |
|---|-------|
| Independent Auditor's Report | 3-5 |
| Management's Discussion and Analysis | 6-11 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 14 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 17 |
| Summary of Significant Accounting Policies | 18-23 |
| Notes to the Financial Statements | 24-29 |
| Supplemental Information: | |
| Statement of Revenues and Expenditures - Budget and Actual (GAAP Basis) – General Fund | 31 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 32-33 |
| Summary of Audit Results | 34 |
| Schedule of Findings and Responses | 35 |
| Schedule of Prior Year's Audit Findings | 36 |



8585 Business Park Drive
Shreveport, Louisiana 71105
Phone. 318 219.5020
Fax. 318 798 1917
Info@jkmcpas.biz

Independent Auditor's Report

Board of Commissioners
Fire District No. 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

I have audited the accompanying financial statements of the governmental activities of Fire District No. 5 of Caddo Parish, Louisiana (the "District") as of and for the year ended December 31, 2012, and the related summary of accounting policies and notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Fire District No. 5 of Caddo Parish, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire District No. 5 of Caddo Parish's basic financial statements. The Statement of Revenues and Expenditures - Budget and Actual (GAAP Basis) - General Fund presented on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Revenues and Expenditures - Budget and Actual (GAAP Basis) - General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In my opinion, the Statement of Revenues and Expenditures - Budget and Actual (GAAP Basis) - General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated July 18, 2013 on my consideration of the Fire District No. 5 of Caddo Parish internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

James D. McWilliams, CPA LLC

Certified Public Accountant

Shreveport, Louisiana
July 18, 2013

Del Johnson, Chairman



Lennis Elston, Secretary-Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

Our discussion and analysis of Fire District No. 5 of Caddo Parish (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2012. Please read it in conjunction with the District's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

For 2012, the total general revenues for the District were \$2,342,687

During the year ended December 31, 2012, the District had total expenses, excluding depreciation of \$1,524,548.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Fire District No. 5 of Caddo Parish is a component unit of the Caddo Parish Commission. The Caddo Parish Commission is financially accountable for the District because it appoints the District's governing body and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by Fire District No. 5 of Caddo Parish.



Reporting the Fire District No. 5 of Caddo Parish as a Whole

Our analysis of Fire District No. 5 of Caddo Parish as a whole begins on page 8. One of the most important questions asked about the District's finances is "Is Fire District No. 5 of Caddo Parish as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Accruals of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the following funds maintained by Fire District No. 5 of Caddo Parish as governmental activities:

Governmental activities - all of the expenses paid from the funds maintained by Fire District No. 5 of Caddo Parish are reported here which consists primarily of personal services, materials and supplies, fuel, repairs and maintenance, salaries, and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by Fire District No. 5 of Caddo Parish begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds maintained by Fire District No. 5 of Caddo Parish as a whole. The District's governmental funds use the following accounting approaches: Governmental funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain District expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at page 15.



FIRE DISTRICT NO. 5 OF CADDO PARISH AS A WHOLE

Following is the summary information from the Statement of Net Position (Table 1) and the Statement of Activities (Table 2) as of December 31, 2012:

Table 1
Net Position

| | Governmental Activities |
|--|--------------------------------|
| | 2012 |
| Assets: | |
| Current and other assets | \$3,921,565 |
| Capital assets, net | 3,198,243 |
| Total assets | \$7,119,808 |
| Liabilities: | |
| Current liabilities | \$ 385,176 |
| Long-term liabilities | 2,170,000 |
| Total liabilities | 2,555,176 |
| Net position: | |
| Investment in capital assets | 1,028,243 |
| Restricted for debt service | 910,383 |
| Unrestricted - designated for special projects | 856,742 |
| Unrestricted - undesignated | 1,769,264 |
| Total net position | 4,564,632 |
| Total net position & liabilities | \$7,119,808 |

Net position of the District's governmental activities increased by \$665,318 or 17.1%. Unrestricted net position, the part of net position that can be used to finance the District expenses without constraints or other legal requirements, increased \$192,844 to \$2,626,006 at December 31, 2012 as a result of revenues exceeding expenditures and the recording of prior period adjustments offset by capital expenditures. Although not legally required to do so the District's Board of Commissioners chose to designate certain unrestricted, but non-recurring annexation receipts totaling \$856,742 as unavailable for routine operations. Such funds can be used only by a vote of the Board of Commissioners and have been designated as such in the financial statements. A full explanation of \$147,833 in prior period adjustments can be found at Note 12 to the financial statements.



Table 2
Statement of Activities

| Governmental Activities | |
|--|-------------|
| 2012 | |
| <hr/> | |
| Revenues. | |
| General Revenues | |
| Ad valorem taxes | \$2,023,417 |
| Service fees | 171,748 |
| State supplemental pay | 45,231 |
| Transport revenue | 55,075 |
| Fire insurance rebate | 14,635 |
| State revenue sharing | 12,618 |
| Interest | 13,833 |
| Sale of surplus equipment | 6,130 |
| <hr/> | |
| Total revenues | 2,342,687 |
| <hr/> | |
| Expenses - General governmental | 1,825,202 |
| <hr/> | |
| Increase in net position from operations | 517,485 |
| Prior period adjustments | 147,833 |
| <hr/> | |
| Increase in net position | \$ 665,318 |
| <hr/> | |

Total revenues decreased from \$2,391,852 in the year ended December 31, 2011 to \$2,342,687 in the year ended December 31, 2012. The decrease can be attributed to a decrease in property taxes and transport revenues. Prior period adjustments are more fully discussed in Note 12 to the financial statements.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$3,570,437 or a \$375,284 increase from the 2011 balance of \$3,195,153. The primary reasons for the increase are:

- Debt service fund revenues exceeded debt service fund expenditures by \$148,498.
- Capital projects fund expenditures exceeded revenues by \$41,485.
- General fund revenues exceeded general fund expenditures by \$88,686 and a prior period adjustment of \$179,585 was recorded in the general fund.



General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2012. There was one amendment to the budget during the year. The District's budgetary comparison is presented on page 31. The actual excess of revenues over expenses exceeded the final budget by \$11,873.

The budgetary comparison schedule presents information only on the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2012, the District had invested \$5,179,604 in capital assets. (See Table 3 below)

Table 3
Capital Assets at Year End

| | Governmental Activities 2012 |
|---------------------------------|---|
| Vehicles | \$2,876,451 |
| Buildings and land | 1,307,018 |
| Equipment | 996,135 |
| Total | \$5,179,604 |
| Major additions include: | |
| Vehicles | \$264,678 |
| Buildings and land | 17,666 |
| Equipment | 253,565 |
| Total additions | \$535,909 |

More detail information about capital assets is presented in Note 5 to the financial statements.



Debt

In 2008, the District issued \$2,500,000 in bonds for major purchases and improvements to the District.

Table 4
Outstanding Debt at Year End

| | Governmental Activities 2012 |
|-----------------------|---|
| Long-term debt | \$2,170,000 |

More detailed information about the debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District's management considered many factors when setting the December 31, 2012 budget. Amounts available for appropriation in the governmental funds are expected to increase due to an increase in the property valuations and increase in millage rate

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by Fire District No. 5 of Caddo Parish and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fire District No. 5 of Caddo Parish, at 1675 Leonard Road, Shreveport, Louisiana 71115.

Chief Keith Harris
July 18, 2013

Fire District No. 5 of Caddo Parish, Louisiana
Statement of Net Position

| <i>December 31,</i> | <i>2012</i> |
|---|--------------------|
| Assets: | |
| Cash and cash equivalents (Note 2) | \$1,700,357 |
| Accounts receivable, net (Notes 3 and 4) | 2,193,290 |
| Prepaid expenses | 27,918 |
| Capital assets, net (Note 5) | 3,198,243 |
| Total assets | \$7,119,808 |
| Liabilities: | |
| Accounts payable | \$ 66,046 |
| Accrued liabilities | 36,080 |
| Overcollected taxes | 249,002 |
| Long-term liabilities: | |
| Bond payable - Portion due within one year (Note 6) | 90,000 |
| Bond payable - Portion due after one year (Note 6) | 2,080,000 |
| Interest payable | 34,048 |
| Total liabilities | 2,555,176 |
| Commitments and contingencies (Note 8) | |
| Net position: | |
| Investments in capital assets | 1,028,243 |
| Restricted for - Debt service | 910,383 |
| Unrestricted | 2,626,006 |
| Total net position | 4,564,632 |
| Total net position and liabilities | \$7,119,808 |

Fire District No. 5 of Caddo Parish, Louisiana

Statement of Activities

Year Ended December 31,

2012

| | | Program Revenues | | | Governmental Activities - Net (Expenses) Revenues and Changes in Net Position |
|--|----------------------|----------------------------|---|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | Expenses | | | | |
| Functions / Programs | | | | | |
| General Government | \$(1,825,202) | \$55,075 | \$ - | \$ - | \$(1,770,127) |
| Total Government Activities | \$(1,825,202) | \$55,075 | \$ - | \$ - | (1,770,127) |
| General Revenue and Special Items: | | | | | |
| Ad valorem taxes | | | | | 2,023,417 |
| Service fees | | | | | 171,748 |
| State supplemental pay | | | | | 45,231 |
| Interest income | | | | | 13,833 |
| Fire insurance rebate | | | | | 14,635 |
| State revenue sharing | | | | | 12,618 |
| Gain on sale of surplus equipment | | | | | 6,130 |
| Total general revenue and special items | | | | | 2,287,612 |
| Excess of revenue over expenditures | | | | | 517,485 |
| Net Position - beginning of year | | | | | 3,899,314 |
| Prior period adjustments (Note 12) | | | | | 147,833 |
| Net position - end of year | | | | | \$ 4,564,632 |

Fire District No. 5 of Caddo Parish, Louisiana

Balance Sheet – Governmental Funds

December 31,

2012

| | Governmental Fund Types | | | Total Governmental Funds |
|--|--------------------------------|----------------------------------|--------------------------------------|---|
| | General Fund | Debt Service Fund | Capital Projects Fund | |
| Assets: | | | | |
| Cash and cash equivalents | \$1,168,452 | \$531,905 | \$- | \$1,700,357 |
| Ad valorem tax receivable, net | 1,618,590 | 390,277 | - | 2,008,867 |
| Structure fee receivable, net | 159,356 | - | - | 159,356 |
| State revenue sharing receivable | 6,629 | - | - | 6,629 |
| Other receivables | 18,438 | - | - | 18,438 |
| Prepaid expenses | 27,918 | - | - | 27,918 |
| Total assets | \$2,999,383 | \$922,182 | \$- | \$3,921,565 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 54,247 | \$ 11,799 | \$- | \$ 66,046 |
| Accrued liabilities | 36,080 | - | - | 36,080 |
| Overcollected taxes | 249,002 | - | - | 249,002 |
| Total liabilities | 339,329 | 11,799 | - | 351,128 |
| Fund balances: | | | | |
| Unassigned | 1,775,394 | - | - | 1,775,394 |
| Assigned - designated for special projects | 856,742 | - | - | 856,742 |
| Restricted for debt service | - | 910,383 | - | 910,383 |
| Nonspendable | 27,918 | - | - | 27,918 |
| Total fund balances | 2,660,054 | 910,383 | - | 3,570,437 |
| Total liabilities and fund balances | \$2,999,383 | \$922,182 | \$- | \$3,921,565 |

Fire District No. 5 of Caddo Parish, Louisiana
Statement of Net Position

| <i>December 31,</i> | <i>2012</i> |
|---|---------------------|
| Total Fund Balances at December 31, 2012 - Governmental Funds | \$ 3,570,437 |
| Cost of capital assets at December 31, 2012 | \$ 5,179,604 |
| Less. accumulated depreciation as of December 31, 2012 | <u>(1,981,361)</u> |
| | 3,198,243 |
| Long-term liabilities at December 31, 2012 | |
| Bonds payable and accrued interest | <u>(2,204,048)</u> |
| Total net position at December 31, 2012 - Governmental Activities | <u>\$ 4,564,632</u> |

Fire District No. 5 of Caddo Parish, Louisiana
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Funds

Year Ended December 31,

2012

| | Governmental Fund Types | | | Total |
|---|--------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Governmental Funds |
| Revenues: | | | | |
| Ad valorem taxes | \$1,625,177 | \$398,239 | \$ - | \$2,023,416 |
| Service fees | 171,748 | - | - | 171,748 |
| Transport revenue | 55,075 | - | - | 55,075 |
| State supplemental pay | 45,231 | - | - | 45,231 |
| Interest | 13,823 | 10 | - | 13,833 |
| Fire insurance rebate | 14,635 | - | - | 14,635 |
| State revenue sharing | 12,618 | - | - | 12,618 |
| Gain on sale of surplus equipment | 6,130 | - | - | 6,130 |
| Total revenues | 1,944,437 | 398,249 | - | 2,342,686 |
| Expenditures | | | | |
| General government | 1,363,461 | 1,004 | - | 1,364,465 |
| Capital outlay | 449,208 | 45,216 | 41,485 | 535,909 |
| Debt service: | | | | |
| Interest | - | 106,732 | - | 106,732 |
| Principal retirement | - | 85,000 | - | 85,000 |
| Retirement contribution | 43,082 | 11,799 | - | 54,881 |
| Total expenditures | 1,855,751 | 249,751 | 41,485 | 2,146,987 |
| Excess (deficiency) of revenue over expenditures | 88,686 | 148,498 | (41,485) | 195,699 |
| Fund balances, beginning of year | 2,391,783 | 761,885 | 41,485 | 3,195,153 |
| Prior period adjustment | 179,585 | - | - | 179,585 |
| Fund balances, end of year | \$2,660,054 | \$910,383 | \$ - | \$3,570,437 |

Fire District No. 5 of Caddo Parish, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds to the Statement of Activities

| <i>Year Ended December 31,</i> | <i>2012</i> |
|--|------------------|
| Net change in fund balance - total governmental funds | \$195,699 |
| Amount reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period: | |
| Depreciation expense | \$(300,654) |
| Capital outlay | <u>535,909</u> |
| | 235,255 |
| Interest expense accrued in Statement of Net Position but not recognized in government funds until paid | 1,531 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position | <u>85,000</u> |
| Change in net position of governmental activities | <u>\$517,485</u> |

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

Introduction

Fire District No. 5 of Caddo Parish, Louisiana (the "District") was created by Ordinance No. 2143 adopted by the Caddo Parish Commission on April 25, 1984 to provide fire protection, emergency medical and hazardous material services for the people of the District. The governing body of the District consists of a five member Board of Commissioners, appointed by the Caddo Parish Commission and is a component unit of the Parish of Caddo. Members serve two-year terms and do not receive compensation for their services.

Basis of Presentation

The financial statements of Fire District No. 5 of Caddo Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The content and certain titles of the GWFS were changed upon the adoption by the District in 2012 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets.

The District had no deferred outflows or inflows of resources at December 31, 2012, and no reclassifications affecting the statement of net assets from the prior period are required

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Caddo Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Caddo Commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

(Continued)

Reporting Entity - (continued)

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Commission for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity are financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- 1 Appointing a voting majority of an organization's governing body, and
 - (a) The ability of the Commission to impose its will on that organization and/or
 - (b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission
2. Organizations for which the the Commission does not appoint a voting majority but are fiscally dependent on the Commission.
- 3 Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Caddo Parish Commission appoints the Organization's governing body, the District was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basic Financial Statements - Government Wide Statements

The Fire District No. 5 of Caddo Parish financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire District No. 5 of Caddo Parish net position are reported in four parts - invested in capital assets (net of related debt), restricted for debt service and capital asset purchasing, and unrestricted net position

The government-wide Statement of Activities reports both the gross and net cost of each of the Fire District No. 5 of Caddo Parish functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net cost (by function) is normally covered by general revenues.

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

(Continued)

Basic Financial Statements - Government Wide Statements - (continued)

This government-wide focus is more on the sustainability of Fire District No. 5 of Caddo Parish as an entity and the change in the Fire District No. 5 of Caddo Parish's net position resulting from the current year's activities

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Fire District No. 5 of Caddo Parish are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

Fire District No. 5 of Caddo Parish uses the following fund types:

1. General fund is the general operating funds of Fire District No. 5 of Caddo Parish, Louisiana. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Capital projects fund is used to account for financial resources to be used in the acquisition or construction of major capital facilities and equipment.
3. Debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations of the District

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. All three of the District's governmental funds are considered major funds

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide Financial Statements The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

(Continued)

Basis of Accounting - (continued)

Revenues of the Fire District No. 5 of Caddo Parish consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are billed and generally collected within the fiscal year in which the taxes are levied. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

Fund Financial Statements. The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenue is recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is the principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Accounts Receivable

Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for uncollectible accounts at December 31, 2012 was \$20,505.

Capital Assets

Non-expendable capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|------------------------------------|-------------|
| Building and building improvements | 15-50 years |
| Equipment | 5-20 years |
| Vehicles | 5-15 years |

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

(Continued)

Budget

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund expenditures. All annual appropriations lapse at year end.

On or before the last meeting of each year, the proposed budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next year.

The proposed budget is presented to the district's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent.

Long-term Obligations

Long-term obligations are reported as liabilities in the government-wide statements. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liabilities of a governmental fund.

Fund Equity in Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning in 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash. Such prepaid expenditures totaled \$27,918 at December 31, 2012.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources that are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation. At December 31, 2012, the District had funds restricted for debt service totaling \$910,383.

Fire District No. 5 of Caddo Parish, Louisiana

Summary of Significant Accounting Policies

(Concluded)

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District, who is the highest level of decision making authority. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of year-end.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the District or an official, such as the administrator, that has the authority to assign amounts to be used for specific purposes. The District has assigned funds totaling \$856,742 as of December 31, 2012.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance at December 31, 2012 was \$1,775,394.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first in the following order. restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the financial statements include the allowance for doubtful accounts and depreciation of capital assets.

Subsequent Events

Management evaluated events subsequent to the District's most recent year end through July 18, 2013, the financial statement issuance date.

Fire District No. 5 of Caddo Parish, Louisiana

Notes to the Financial Statements

1. Ad Valorem Taxes and Structure Fees

For the year ended December 31, 2012, taxes of 16.5 mills and 4.65 mills were levied on property with assessed valuations totaling \$84,970,210 and were dedicated as follows:

| | |
|----------------|-------------|
| Maintenance | 17.34 mills |
| Bond Sinking | 4.65 mills |
| Structure Fees | \$125.00 |

Total taxes and structure fees levied were \$2,050,497.

Property tax millage rates are adopted in June for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien. Included in property taxes is approximately \$194,000 collected from the City of Shreveport for taxes it collected on property formerly in the boundaries of the District.

2. Cash and Cash Equivalents

At December 31, 2012, the district has cash and cash equivalents (book balances) as follows.

| | |
|--|--------------------|
| Petty Cash | \$ 427 |
| Demand deposits | 667,459 |
| Certificates of deposit | 1,032,471 |
| <u>Total cash and cash equivalents</u> | <u>\$1,700,357</u> |

Those deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the district has \$1,712,443 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities with a market value of \$1,861,254.

The pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the District. Accordingly, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Fire District No. 5 of Caddo Parish, Louisiana

Notes to the Financial Statements

(Continued)

3. Receivables

Included in accounts receivables are 2012 taxes and fees levied totaling \$2,050,497. Taxes and fees receivable at December 31, 2012, consisted of the following:

| | Millage | M&O | Bonds | Structure Fee | Total |
|---------------------------------|----------------|-------------|-----------|---------------|-------------|
| Assessed taxes (maintenance) | 17 34 | \$1,473,369 | \$ - | \$ - | \$1,473,369 |
| Assessed taxes (bond sinking) | 4 65 | - | 403,503 | - | 403,503 |
| Assessed taxes (structure fees) | \$125/facility | - | - | 173,625 | 173,625 |
| Total assessed taxes | | 1,473,369 | 403,503 | 173,625 | 2,050,497 |
| Taxes received before year end | | (33,556) | (9,191) | (12,533) | (55,280) |
| Estimated allowance - 1 0% | | (14,734) | (4,035) | (1,736) | (20,505) |
| Net property taxes receivable | | \$1,488,103 | \$390,277 | \$159,356 | \$1,974,712 |

4. Due from Other Governmental Units

Amounts due from other governmental units (excluding the ad valorem taxes) consist of the following:

| | |
|-------------------------------------|---------|
| Estimated State Revenue Sharing due | \$6,629 |
|-------------------------------------|---------|

5. Changes in Capital Assets

A summary of changes in capital assets for the year ended December 31, 2012 follows:

| Changes in Capital Assets Year Ended December 31, 2012 | | | | |
|---|----------------------|------------|-----------|-------------------|
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Capital assets | | | | |
| Vehicles | \$2,611,773 | \$ 264,678 | \$ - | \$ 2,876,451 |
| Buildings and land | 1,289,352 | 17,666 | - | 1,307,018 |
| Equipment | 742,570 | 253,565 | - | 996,135 |
| Total capital assets | 4,643,695 | 535,909 | - | 5,179,604 |
| Less accumulated depreciation | | | | |
| Vehicles | 1,074,422 | 176,442 | - | 1,250,864 |
| Buildings and land | 185,373 | 40,108 | - | 225,481 |
| Equipment | 420,912 | 84,104 | - | 505,016 |
| Total accumulated depreciation | 1,680,707 | 300,654 | - | 1,981,361 |
| Capital assets, net | \$2,962,988 | \$235,255 | \$ - | \$3,198,243 |

Fire District No. 5 of Caddo Parish, Louisiana

Notes to the Financial Statements

(Continued)

6. Long-Term Debt

The following is a summary of long-term debt transactions of the district for the year ended December 31, 2012:

| | |
|--|--------------------|
| Bonds Payable January 1, 20120 | \$2,255,000 |
| Bonds Retired | (85,000) |
| Long-term Debt, December 31, 2012 | \$2,170,000 |

Bonds payable at December 31, 2012, is comprised of the following:

Series 2008 bonds issued for \$2,500,000, due in annual installments of \$90,000 to \$190,000 through March 1, 2028 plus interest from 2.5% to 5%; payable semiannually on March 1 and September 1 beginning March 1, 2009, current balance of \$2,170,000, secured by levy and collection of ad valorem taxes.

The annual requirements to amortize all debts outstanding as of December 31, 2012, are as follows:

| <i>Year Ending December 31,</i> | Principal | Interest | Total |
|---------------------------------|--------------------|------------------|--------------------|
| 2013 | \$ 90,000 | \$ 102,145 | \$ 192,145 |
| 2014 | 95,000 | 97,520 | 192,520 |
| 2015 | 105,000 | 92,520 | 197,520 |
| 2016 | 105,000 | 87,270 | 192,270 |
| 2017 | 110,000 | 81,895 | 191,895 |
| Thereafter | 1,665,000 | 482,555 | 2,147,555 |
| | \$2,170,000 | \$943,905 | \$3,113,905 |

7. Louisiana Firefighters Retirement System Pension

Plan Description. Substantially all full-time employees of Fire District No. 5 of Caddo Parish, Louisiana are members of the Louisiana Firefighters Retirement System (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection District that did not enact an ordinance prior to January 1, 1980, exempting itself from

Fire District No. 5 of Caddo Parish, Louisiana
Notes to the Financial Statements
(Continued)

7. Louisiana Firefighters Retirement System Pension - (continued)

participation in the system. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, or after age 50 with at least 20 years of creditable service. At retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination). The plan also provides disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be obtained by writing to the Firefighters' Retirement System, 3100, Brentwood Drive, Baton Rouge, Louisiana 70809, by calling (504) 925-4060 or www.lafirefightersret.com.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Fire Protection District No. 5 of Caddo Parish is required to contribute at an actuarially determined rate. The current rate is 24 percent of annual covered Payroll. Contribution requirements of plan members and the Fire Protection District No. 5 of Caddo Parish are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation for the prior fiscal year. The District's contributions to the System for the years ended December 31, 2012, 2010 and 2011 were \$87,635, \$78,429 and \$62,955 respectively.

8. Commitments and Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees, and natural disasters. The District carries commercial insurances for all risks of loss, including workers compensation.

9. Related Party Transactions

The family of a member of the board of directors contributed the land upon which Fire Station 1 is located. Under the terms of the donation, if the building ever ceases to be used for public safety, the property reverts to the donors. Accordingly, the accompanying financial statements do not reflect the value of the land in Capital Assets.

Fire District No. 5 of Caddo Parish, Louisiana

Notes to the Financial Statements

(Continued)

10. On-Behalf Payments for Fringe-Benefits and Salaries

GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer governmental entity. In accordance with this Statement, \$45,231 has been recognized in both revenues as state supplemental pay and general governmental expenditures.

11. Comparison of Budget and Actual Expenditures on a Budgetary (Cash) Basis

| December 31, 2012 | Actual On GAAP Basis | Adjustment to GAAP Basis | Actual on Budgetary Basis | Final Budget | Variance Favorable (Unfavorable) |
|--|-------------------------|-----------------------------|------------------------------|------------------|--|
| Revenues: | | | | | |
| Taxes and fees | \$1,796,925 | \$ 7,932 | \$1,804,857 | \$1,806,160 | \$ (1,303) |
| Intergovernmental | | | | | |
| State revenue sharing | 12,618 | (3,773) | 8,845 | 8,845 | - |
| Fire insurance tax | 14,635 | - | 14,635 | 14,635 | - |
| State supplemental pay | 45,231 | (45,231) | - | - | - |
| Transport revenue | 55,075 | 3,374 | 58,449 | 56,850 | 1,599 |
| Interest income | 13,823 | (20) | 13,803 | 12,875 | 928 |
| Miscellaneous revenues | 6,130 | - | 6,130 | 6,130 | - |
| Total revenues | 1,944,437 | (37,718) | 1,906,719 | 1,905,495 | 1,224 |
| Expenditures. | | | | | |
| Personnel | 1,105,343 | (10,053) | 1,095,290 | 1,081,277 | (14,013) |
| State supplemental pay | 45,231 | (45,231) | - | - | - |
| Firefighting supplies | 29,777 | - | 29,777 | 29,500 | (277) |
| Maintenance | 81,960 | 619 | 82,579 | 83,650 | 1,071 |
| Utilities and telephone | 29,983 | 511 | 30,494 | 30,750 | 256 |
| Administrative | 28,455 | 35,107 | 63,562 | 64,455 | 893 |
| Professional fees | 29,852 | - | 29,852 | 33,665 | 3,813 |
| Tax collection fees | 55,942 | 226 | 56,168 | 56,185 | 17 |
| Capital expenditures | 449,208 | - | 449,208 | 449,200 | (8) |
| Total expenditures | 1,855,751 | (18,821) | 1,836,930 | 1,828,682 | (8,248) |
| Excess (deficiency) of revenues over expenditures | \$ 88,686 | \$(18,897) | \$ 69,789 | \$ 76,813 | \$(7,024) |

12. Prior Period Adjustments

The District adopted the provisions of Statement No 65, *Items Previously Reported as Assets and Liabilities*, of the Governmental Accounting Standards Board (GASB 65) in 2012. Under GASB 65, certain items that had previously been reported as assets or liabilities in the GWFS were required to be eliminated as such in the financial statement through an adjustment of beginning net position. Among such assets were capitalized debt issuance costs. Accordingly, a charge of \$31,751 to beginning net position was recorded in the adoption of GASB 65.

Fire District No. 5 of Caddo Parish, Louisiana
Notes to the Financial Statements
(Concluded)

12. Prior Period Adjustments - (continued)

In addition the prior period adjustment for GASB 65, an adjustment relating to taxes receivable for annexation taxes was made totaling \$179,585. Such taxes relate to portions of the District annexed by the City of Shreveport. Prior to the year ended December 31, 2012, such taxes were recorded only when received as the District believed the collection of taxes was questionable. Based on history, however, it is the belief of the District that collection of such taxes is reasonably assured and the taxes should be accrued and the taxes should be accrued in the same manner as other taxes.

Supplemental Information

Fire District No. 5 of Caddo Parish, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis) – General Fund

Year Ended December 31, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Various</u> |
|--|-------------------------|------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues: | | | | |
| Ad valorem taxes | \$1,423,498 | \$1,637,785 | \$1,625,177 | \$(12,608) |
| Service fees | 163,440 | 168,375 | 171,748 | 3,373 |
| State revenue sharing | 8,850 | 8,845 | 12,618 | 3,773 |
| Fire insurance rebate | 13,150 | 14,635 | 14,635 | - |
| State supplemental pay | - | - | 45,231 | 45,231 |
| Miscellaneous | 1,200 | 6,130 | 6,130 | - |
| Interest | 17,400 | 12,875 | 13,823 | 948 |
| Transport revenue | 60,000 | 56,850 | 55,075 | (1,775) |
| Annexation surplus funds | 50,000 | - | - | - |
| Total revenues | 1,737,538 | 1,905,495 | 1,944,437 | 38,942 |
| Expenditures: | | | | |
| General government | 1,426,803 | 1,379,482 | 1,406,543 | (27,061) |
| Capital outlay | 270,000 | 449,200 | 449,208 | (8) |
| Total expenditures | 1,696,803 | 1,828,682 | 1,855,751 | (27,069) |
| Excess of revenue over expenditures | \$ 40,735 | \$ 76,813 | \$ 88,686 | \$ 11,873 |



8585 Business Park Drive
Shreveport Louisiana 71105
Phone 318 219 5020
Fax 318 798 1917
info@jkmcpas.biz

**Independent Auditor's Report on Internal
Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of Commissioners
Fire District No 5 of Caddo Parish, Louisiana
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities of the Fire District No 5 of Caddo Parish (Fire District No. 5) as of and for the year ended December 31, 2012, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated July 18, 2013

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Fire District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No. 5's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fire District No. 5's internal control

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

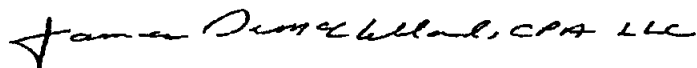
My consideration of internal control over financial reporting was for the limited purpose described in the first preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any weaknesses in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Fire District No. 5's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that required to be reported under *Government Auditing Standards* and is included as Item 2012-01 in the accompanying Schedule of Findings and Responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Shreveport, Louisiana
July 18, 2013

Fire District No. 5 of Caddo Parish, Louisiana
Summary of Audit Results
Year Ended December 31, 2012

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of Fire District No. 5 of Caddo Parish.
2. No control deficiencies in internal accounting control were disclosed during the audit of the financial statements as reported in the auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. One instance of noncompliance was disclosed during the audit of the financial statements as reported in the auditor's report on internal control over financial reporting and on compliance and other matters compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
4. A separate management letter was not issued.

Fire District No. 5 of Caddo Parish, Louisiana
Schedule of Findings and Responses
Year Ended December 31, 2012

Current Year Findings

2012-1 Engagement Completion

Instance of non-compliance-

The District failed to comply with state law (LA R.S. 24:513) as the annual report for the year ended December 31, 2012 was not submitted to the Louisiana Legislative Auditor's Office until after June 30, 2013, the statutory due date.

Reason for non-compliance-

Due to an unexpected medical emergency of the auditor, completion of the review engagement was not completed by June 30, 2013, as originally planned.

Management's plan of corrective action-

Management agrees with this finding, but believes that this occurrence was beyond their control. Future filings will be made on a timely basis.

Fire District No. 5 of Caddo Parish, Louisiana
Schedule of Prior Years Audit Findings
Year Ended December 31, 2011

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action / Partial Corrective Action Taken |
|----------|--|------------------------|----------------------------|---|
|----------|--|------------------------|----------------------------|---|

No findings in
2011